

February 9, 2022

The Honorable Guy Guzzone  
Senate Budget and Taxation Committee  
Miller Senate Office Building,  
3 West Wing 11 Bladen St.,  
Annapolis, MD, 21401

**RE: MBIA Letter Requesting Amendments to SB 348 – Conservation Finance Act**

Dear Chairman Guzzone:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB 348 – Conservation Finance Act**. **MBIA Supports this Act with Amendments**. However, with amendments as discussed below the MBIA would be favorable.

This bill would establish a statewide cost sharing program to leverage private investments to help pay for improvements to meet Chesapeake Bay TMDL requirements. It does this by creating a carbon trading market that takes advantage of carbon offsets associated with making improvements required by the TMDL. The MBIA does not oppose this in principle, but it does raise some important questions and concerns.

- First, who should own a carbon credit that is the byproduct of state spending on Chesapeake Bay cleanup?
- Second, as the state moves towards a carbon neutral future, how can we allow credits to be sold into the international markets to offset emission generated out of state when the regulated community will need those local credits to offset activities to meet an economy-wide net zero carbon emission target in the future?
- Finally, what is the state's carbon generating capacity and how long will it take for international markets to deplete local credit generating opportunities?

MBIA respectfully requests that this program be revised to require reciprocal agreements with other carbon credit markets in order to track carbon offsets generated in the State of Maryland and allow an equivalent amount of those credits to be purchased in the future, by the regulated community in the state of Maryland, as we all work together to combat climate change. The larger market creates the same total climate reductions while incentivizing the investments we need now to meet TMDL requirements while also factoring in carbon offset needs of the state in the future.

Additionally, this bill allows for the Department of Natural Resources to make changes to water infrastructure assets if they are determined to have an environmental benefit. We respectfully submit that this standard for removal or change is overbroad and can be too broadly interpreted to have a consistent application. The department also lacks the capacity and resources to review the significant number of Water Infrastructure Assets in Maryland and needs to be expanded to effectively administer the program.

For these reasons, MBIA respectfully requests the Committee adopt these amendments and give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the Senate Budget and Taxation Committee